



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

October 8, 1998

H.R. 1903 **Computer Security Enhancement Act of 1997**

*As ordered reported by the Senate Committee on Commerce, Science, and Transportation
on October 1, 1998*

SUMMARY

H.R. 1903 would direct the National Institute of Standards and Technology (NIST), located in the Department of Commerce, to develop policies to improve computer security for federal computer systems. CBO estimates that implementing the act would cost \$13 million over the 1999-2003 period, assuming appropriation of the necessary amounts.

H.R. 1903 would authorize the appropriation of about \$2 million to NIST to (1) enable the Computer System Security and Privacy Advisory Board (CSSPAB) administered by NIST to conduct public forums to identify emerging issues related to computer security, (2) contract for a study by the National Research Council on computer security issues, and (3) award computer security fellowships. In addition, CBO estimates that implementing other provisions of the legislation would require expenditures of about \$11 million over the 1999-2003 period.

H.R. 1903 would not affect direct spending or receipts; therefore, pay-as-you go procedures would not apply. H.R. 1903 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would not affect the budgets of state, local, or tribal governments.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

For the purposes of this estimate, CBO assumes that H.R. 1903 will be enacted near the start of fiscal year 1999, and that the estimated amounts necessary to implement the act will be appropriated for each fiscal year. Outlays have been projected on the basis of historical spending patterns for NIST and information provided by the agency. The estimated budgetary impact of H.R. 1903 is shown in the following table.

By Fiscal Year, in Millions of Dollars					
	1999	2000	2001	2002	2003
CHANGES IN SPENDING SUBJECT TO APPROPRIATION					
Estimated Authorization Level	5	2	2	2	2
Estimated Outlays	4	3	2	2	2

NIST received an appropriation of \$571 million for fiscal year 1998, and its 1998 outlays are estimated to be about \$617 million.

The costs of this legislation fall within budget function 370 (commerce and housing credit).

BASIS OF ESTIMATE

Based on information from NIST, CBO estimates that enacting H.R. 1903 would result in total costs to the government of about \$13 million over the 1999-2003 period. Of that amount, about \$2 million is specifically authorized in the act for the activities of the CSSPAB and the National Research Council, as well as for the computer security fellowship program at NIST.

CBO estimates that NIST would need additional appropriations of between \$2 million and \$3 million in each fiscal year over the 1999-2003 period to implement the remaining provisions of H.R. 1903, including testing computer security products for use by federal agencies, providing information on computer security threats to the public, and establishing a National Panel for Digital Signatures.

H.R. 1903 directs that the sums necessary to implement this act, including the \$2 million explicitly authorized in it, should be derived from amounts authorized to be appropriated in H.R. 1274, the National Institute of Standards and Technology Authorization Act of 1997. That legislation has been passed by the House of Representatives but has not yet been enacted into law.

PAY-AS-YOU-GO CONSIDERATIONS: None.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

H.R. 1903 contains no intergovernmental or private-sector mandates as defined in UMRA and would not affect the budgets of state, local, or tribal governments.

PREVIOUS CBO ESTIMATE

On August 12, 1997, CBO transmitted a cost estimate for H.R. 1903, as ordered reported by the House Committee on Science on July 29, 1997. That version of the legislation would require NIST to evaluate commercial encryption products subject to export restrictions, at an estimated cost of about \$5 million a year. CBO estimated five-year costs of \$35 million for the House-reported bill, as compared to the five-year costs of \$13 million for the Senate version.

ESTIMATE PREPARED BY: Mark Hadley

ESTIMATE APPROVED BY:

Robert A. Sunshine
Deputy Assistant Director for Budget Analysis